



# ANNUAL REPORT | 2014

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SINCE 1949

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

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# FINANCIAL HIGHLIGHTS

Unit : Thousand Baht

|                                       | Consolidated<br>2014 | 2013    | Company Only<br>2012 |
|---------------------------------------|----------------------|---------|----------------------|
| <b>FINANCIAL POSITION AT YEAR END</b> |                      |         |                      |
| Current Assets                        | 75,988               | 574,892 | 545,827              |
| Total Assets                          | 747,250              | 728,169 | 704,677              |
| Shareholders' Equity                  | 708,723              | 700,270 | 652,126              |
| Par Value Per Share (Baht)            | 1.00                 | 1.00    | 1.00                 |
| Book Value Per Share (Baht)           | 3.76                 | 3.72    | 3.46                 |
| Share Capital (Shares)                | 188,300              | 188,300 | 188,300              |
| <b>EARNING ABILITIES</b>              |                      |         |                      |
| Sales                                 | 114,961              | 65,485  | 75,205               |
| Other Incomes                         | 27,367               | 55,054  | 22,179               |
| Total Revenues                        | 142,328              | 120,539 | 97,384               |
| Net Incomes                           | 8,453                | 48,144  | -8,740               |
| Cash Dividends                        |                      |         | 71,519               |
| Earnings Per Share (Baht)             | 0.045                | 0.256   | -0.046               |
| <b>FINANCIAL RATIO</b>                |                      |         |                      |
| Return on Sales (%)                   | 5.94                 | 39.94   | -8.97                |
| Return on Equity (%)                  | 1.20                 | 7.12    | -1.25                |
| Return on Assets (%)                  | 1.15                 | 6.72    | -1.17                |
| Total Debt to Equity Ratio (Times)    | 0.05                 | 0.04    | 0.08                 |
| Current Ratio (Times)                 | 2.88                 | 25.70   | 10.85                |

|              | Consolidated<br>2014 |       | Company Only<br>2013 |       | 2012         |       |
|--------------|----------------------|-------|----------------------|-------|--------------|-------|
|              | Million Baht         | %     | Million Baht         | %     | Million Baht | %     |
| Net Sales    | 114.96               | 80.77 | 65.48                | 54.33 | 75.20        | 77.22 |
| Other Income | 27.37                | 19    |                      |       |              |       |



## ***MESSAGE FROM THE CHAIRMAN OF THE BOARD***

Dear shareholders,

I, in behalf of board of directors, COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED. would like to thank you all shareholders for your trust in our company over time. Even if company will suffer crisis from 2003 until present, growth of Thailand economic in 2014 is bad. From problem of conflict opinion of political until finally leading to coup d'etat, if superficial looking to economic condition after coup d'etat, index of reliability is increase. In the facts, Thailand has many problem of waiting for resolve.

Previously, revenue of company from operate business of ceiling fan was decreased. Due to company is adjusts marketing strategy. From anticipate of company has reliability of 2015 is increasing trend of distribution lamp fan, strong point of company such as quality of product, modern format and impressive service.

In term of business of Culture and Lanna Performance Center "Khumkhantoke" previously, Thailand is suffer problem from depression tourism. Tourist is cancel travel due to problem of political. However, company is trust in tourism of Thailand has strongpoint is coming recovery. Business of Chiang Mai is anticipates better and next year business of Chiang Mai company will development asset to operate consecutive business for more channel of business.

Board of directors and executive teamwork are very hope that next year company will increase profit. Company is strength and sustainable growing rate in order to benefits of shareholder as well as teamwork and all level of staffs.

In addition, company would like to thank you shareholder are trust and support out operation, including thank you customer, executives and staff of company for cooperation is passing through any obstacle and attempting to work. Moreover, to supporting company is better all the time. Thank you very much.

A handwritten signature in black ink, appearing to read 'Tai Wen-Lee'.

Miss Tai Wen-Lee

Acting Chairman of the Board



# BOARD OF DIRECTORS

**Mr. Lou Jen Chung**

**Position**

**Director & President**

**Nationality**

**Taiwanese**

**Age**

**62 years**

**Education**

Ph.D, The Electrical Engineering Department and Computer Sciences,  
University of California at Berkeley, USA

The Master of Physics Institute National Tsing Hua University, Taiwan

The Bachelor of Physics Department National Tsing Hua University, Taiwan

**Number of Share**

- Share

**Percentage of Shareholding**

- %

**Working Experiences**

Aug. 2534-Present

Institute of Electronics, National Chiao Tung University, Associate Professor

Oct. 2539-Present

United Microelectronics Corp., Technical and Education Training

Sep. 2539-Present

Winbond Electronics Corp. Technical and Education Training

Feb. 2540-Present

Taiwan Semiconductor Manufacturing Co., Ltd., Technical and Education Training

Jul. 2538- Present

Macronix International Co., Ltd., Technical and Education Training

**Miss Dai Wen-Lee****Position** Director & Vice President**Nationality** Taiwanese**Age** 55 years**Education** Science (Chemical) Tan Chiang Taiwan / MBA Beijing University,  
Economic Management College**Number of Share** 3,555,560 Shares**Percentage of Shareholding** 1.89 %**Working Experiences**

1993-Present Vice President, Shi Chen Electric MFG. Works (Taiwan)

1993-1996 Vice President, Tri Star Electric, (Taiwan)

1984-1989 Chairman, Greenview National (USA)

1978-1983 Marketing Manager Standard Electric MFG. (USA)

**Miss Dai Juan Ming****Position** Director**Nationality** Chinese**Age** 38 years**Education** MBA Economy Beijing Economic Management College  
Bachelor Degree of Market Sales Zhejiang Broadcasting and  
Television University, China**Number of Share** - Share**Percentage of Shareholding** - %**Working Experiences** Industrious Employee The Plastic Company Limited Ui-Chow City, China*Remark : Resigned September 29<sup>th</sup>, 2014*

**Mr. Krisakorn Sukavejworakit**

|                                   |  |
|-----------------------------------|--|
| <b>Position</b>                   | Director   |
| <b>Nationality</b>                | Thai   |
| <b>Age</b>                        | 37 years   |
| <b>Education</b>                  | M.A.Economics, New York University, U.S.A<br>B.A.Economics, Colorado State University, U.S.A |
| <b>Number of Share</b>            | - Share  |
| <b>Percentage of Shareholding</b> | - %  |
| <b>Working Experiences</b>        |  |
| 2009-Present                      | Professor, Mahidol University  |
| 2007-Present                      | General Manager, Pathanasuk Capital Co., Ltd.  |
| 2003-2006                         | Scholars, Ministry of Commerce   |

*Remark : Approved to appointment by BOD Meeting No.4/2014 was held on September 29<sup>th</sup>, 2014*

**Mr. Yuttana Taepangthong**

|                                   |   |
|-----------------------------------|---|
| <b>Position</b>                   | Director  |
| <b>Nationality</b>                | Thai  |
| <b>Age</b>                        | 41 years  |
| <b>Education</b>                  | B.A.Accounting, Bangkok University  |
| <b>Number of Share</b>            | - Share   |
| <b>Percentage of Shareholding</b> | - %   |
| <b>Working Experiences</b>        |   |
| 2014-Present                      | Director, Sanko Diecasting (Thailand) Public Company Limited.               |
| 2014-Present                      | Chief Executive officer Advisor, Jubilee Enterprise Public Company Limited. |
| 2014-Present                      | Managing Director, Happy Frame 168 Co., Ltd.                                |
| 2013-2013                         | Audit Commentee Director, Eletronics Industry Public Company Limited.       |
| 1994-2014                         | Chief financial Officer, Jubilee Enterprise Public Company Limited.         |

*Remark : Approved to appointment by BOD Meeting No.4/2014 was held on September 29<sup>th</sup>, 2014*

**Dr. Vijit Supinit****Position**

Independent Director/Audit Committee Chairman

**Nationality**

Thai

**Age**

73 years

**Education**

PhD Economics Ramkhamhaeng University  
 Degrees National Defence College of Thailand  
 M.A. Economics, Yale University, USA.  
 M.A. in Economics University of University of Missouri-St.Louis  
 B.A. (Econ) Hons, The University of Manchester, England  
 B.A. in Economics Chulalongkorn University

**Number of Share**

- Share

**Percentage of Shareholding**

- %

**Working Experiences**

|              |   |
|--------------|---|
| 2007-Present | Deans Of Graduate School, Siam University   |
| 2013-Present | Chairman, Apple Wealth Securities Pcl.  |
| 2008-2013    | Audit Committee Chairman, TMB Bank PCL.   |
| 2006-2013    | Chairman, G Steel Pcl.  |
| 2008-2011    | Chairman , The Securities and Exchange Board (S.E.C)                              |
| 2003-2007    | Chairman, The Stock Exchange of Thailand Board (S.E.T)                            |
| 2003-2007    | Chairman, Asset Management Ministry of Finance                                    |
| 2003-2007    | Director of Corporate Governance Center   |
| 2003-2006    | Director of Board the National Board of SMEs Promotion                            |
| 1993-1996    | Chairman, Financial Institutions Development Fund, Export-Import Bank of Thailand |
| 1990-1996    | Chairman and Governor Bank Of Thailand  |
| 1991-1992    | Member of National Legislative Assembly   |
| 1994-1995    | Director of Airports of Thailand PCL.   |
| 1990-1996    | Director of The National Economic and Social Development Board                    |
| 1990-1991    | Director of Board of Investment Of Thailand (BOI)                                 |
| 1987-1990    | Executive Director Of SCIB Bank Pcl.  |
| 19           |   |

**Dr. Charnsiri Suetrong****Position** Independent Director/Audit Committee Secretary**Nationality** Thai**Age** 54 years

**Education** Cebu Institute of Medicine, Cebu, Philippines : Degree 1987  
 University of San Carlos Bachelor of Science (Biology) 1982  
 Ruamrudee International School Secondary Level 1978

**Number of Share** - Share**Percentage of Shareholding** - %**Working Experiences**

2008-Present Coordinator of Korea consulate Between Chiang Mai and Bangkok  
 1997-2006 Medical Clinics  
 1994-1995 Director, APM TRAVEL CO., LTD.  
 1990-1996 Assistant Director HERT OIL SIAM IMPORT EXPORT CO., LTD.  
 1988-1989 Medical Clinics  
 1987-1988 Medical Apprentice, Phramongkutklao Hospital

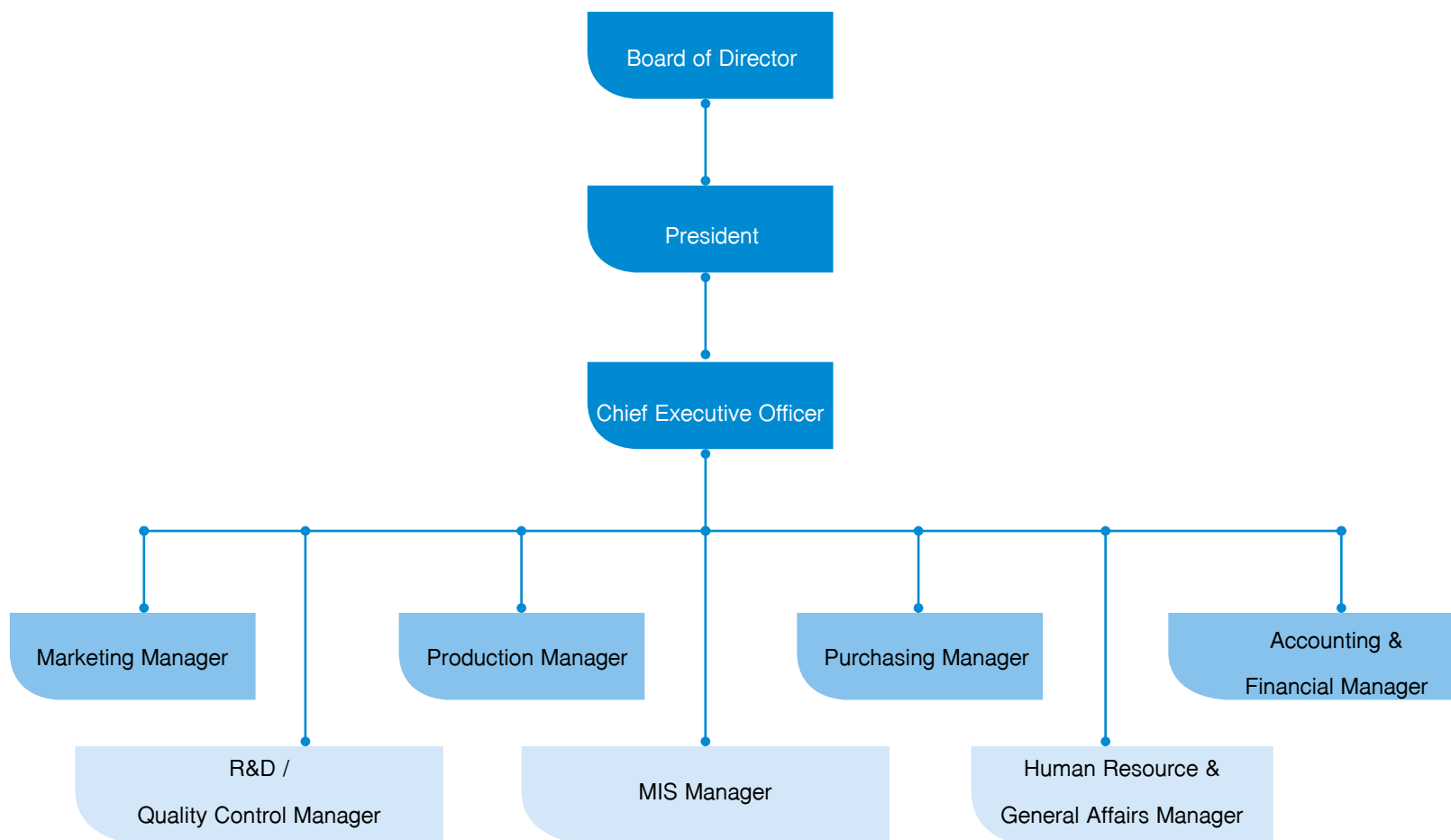
**Mr. Nuttawut Kirtchaiyakorn****Position** Independent Director/Audit Committee**Nationality** Thai**Age** 39 years

**Education** M.A. in Economics University of Missouri-St.Louis, U.S.A  
 B.A. in Economics, Chulalongkorn University

**Number of Share** - Share**Percentage of Shareholding** - %**Working Experiences**

2010-Present APM Group, Senior Project Manager  
 Mar 2002-2010 Enterprise Risk Services (ERS), Deloitte ToucheTohmatsu Jaiyos Advisory Co., Ltd., Senior Manager  
 Jan 2001- Dec 2001 Economics Resource Center,

# ORGANIZATION CHART



# SHAREHOLDERS AND MANAGEMENT

Major Shareholder As of October 8, 2014

| Shareholders Name                      | Number of Share | Equity Stake (%) |
|--|-----------------|------------------|
| 1. SUMMAX INVESTMENT LIMITED*          | 50,839,870      | 27.00            |
| 2. Mr.Visit Dachavitayathon            | 20,193,130      | 10.72            |
| 3. Mr.Eam Archavakhunthep              | 9,350,000       | 4.97             |
| 4. ABN AMRO NOMINEES SINGAPORE PTE LTD | 9,181,500       | 4.88             |
| 5. Mr.Susittack Achariyasombat         | 8,961,000       | 4.76             |
| 6. Mr.Saprang Suvachvorrakij           | 8,495,870       | 4.51             |
| 7. Miss.Yuhua Yan*                     | 5,807,034       | 3.08             |
| 8. Miss.Dai Wen-Lee*                   | 3,555,560       | 1.89             |
| 9. Mr.Pavin Rungvoraboni               | 3,325,000       | 1.77             |
| 10. Mrs.Pornpan Tanyasiri              | 2,437,300       | 1.29             |
| 11. Mr.Pisit Plukphaiboon              | 2,380,000       | 1.26             |
| 12. Mr.Sompooch Prempornpom            | 1,806,000       | 0.96             |

Remark : \*Foreign Shareholders

| Board of Directors  | Remark   |
|---|--|
| 1. Mr.Lou Chen Chun Chairman  | Resigned September 29, 2014  |
| 2. Ms.Dai Wen-Lee Vice Chairman                                     |  |
| 3. Miss.Dai Juan Ming Director                                      | Resigned September 29, 2014  |
| 4. Mr.Yuttana Taepangthong Director                                 | Approved to appointment by BOD Meeting No.4/2014 was held on September 29 <sup>th</sup> , 2014 |
| 5. Mr.Krisakorn Sukavejworakit Director                             | Approved to appointment by BOD Meeting No.4/2014 was held on September 29 <sup>th</sup> , 2014 |
| 6. Dr.Vijit Supinit Independent Director / Audit Committee Chairman |  |
| 7. Dr.Charnsiri Suetrong Independent Director                       |  |



## REPORT OF THE AUDIT COMMITTEE

The Board of Audit Committee of Compass East Industry (Thailand) PLC, had appointed Audit Committee to control and supervise financial statement of the company in order to comply to the accounting standard suitably to the business operation and to review to the company to report financial statement correctly and sufficiently with suitable internal control and efficiency to perform according to the law of securities as well as other related law. The information has been disclosed sufficiently, risk management, selection consideration and to propose to appoint the auditor of the company as well as giving importance to the performance to the principle of good governance, ethics, transparency and able to be inspected.

The Audit Committee consists of 3 independent directors of Dr.Vijit Supinit, as a chairman of audit committee, Dr.Charnsiri Suetrong, a secretary of audit committee, and Mr.Nuttawut Kirtchaiyakorn as audit committee, each person is not the administration directors or the employee of the company. The Inspection Directors have their performance and duties and responsibilities according to the charter of inspection committee approved by the meeting of Board of Committee according to the requirements of the Stock Exchange of Thailand and to report to the Board of Director of the company.

The Audit Committee acts as administer the business according to the scope of responsibilities assigned by the Board of Company with 12 times meeting and also the Audit Committee entered the meeting at 100%, the important matters of performance could be summarized as follows:

- 1) Review the Financial Statement by reviewing quarter financial statement and for 2014 of Compass East Industry (Thailand) PCL. and the total financial statement of the company.
- 2) To supervise and to develop internal control system by planning that the inspection shall have review with suitability with internal inspection division and related administration division in order to improve fort more efficiency to internal control.
- 3) To review to risk administration system and other factor may be effected significantly to business operation of the company such as compliance to the related laws according to the principles of good governance in order to consult and exchange opinion on quality evaluation inspection in various aspects and efficiency of internal control system.
- 4) To consider of appointment the auditor for 2015 with suggestions name of auditor as well as review to the auditor's qualification correctly according to the notice of SEC and SET, and also determination remuneration for 2015 to the committee in order to propose to the shareholders' meeting of the company for the resolution of appointment further.

The Audit Committee had performed duties independently from the Board of Company and Management Department with the report of meeting and report of performance to the Board of Company already. For and on behalf of the Audit Committee.

Dr.Vijit Supinit

The Chairman of Audit Committee



## GENERAL INFORMATION

|                          |  |
|--------------------------|--|
| NAME                     | Compass East Industry (Thailand) Public Company Limited  |
| TYPE OF BUSINESS         | Manufacturer and exporter of Ceiling Fan.  |
| HEAD OFFICE              | 225/324 Country Complex Tower B, 16 <sup>th</sup> Floor, Sanpavut Road, Bangna,<br>Bangkok 10260<br>Tel : 0-2748-6755 Fax : 0-2361-1859<br>www.ceifan.com  |
| FACTORY                  | 291 Moo 4 Sukhumvit Road, Tumbol Prakkasa,<br>Amphur Muang Samutprakarn, Samutprakarn 10280<br>Tel : 0-2324-0524-8 Fax : 0-2324-0587   |
| AUTHORIZED SHARE CAPITAL | 240,000,000 Baht (Two hundred forty million Baht)  |
| PAID-UP CAPITAL          | 188,300,000 Baht<br>(One hundred and eighty eight million three hundred thousand Baht)   |
| PAR VALUE PER SHARE      | Share Capital-common share Baht 1 par value (One Baht)   |
| SHARE REGISTRAR          | Thailand Securities Depository Company Limited<br>62 The Stock Exchange of Thailand Building, Beside Queen Sirikit National<br>Convention Center, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand<br>Tel : (662) 229-2800, (662) 654-5599<br>Fax : (662) 359-1259  |
| AUDITOR                  | Ms.Sathien Vongsnan<br>ANS Audit Company Limited<br>100/72, 22 <sup>th</sup> Floor, 100/2 VongvaniJ Building B,<br>Rama 9 Road, Huaykwang, Bangkok 10310<br>Tel : 0-2645-0107-9 Fax : 0-2645-0110  |
| LAWER                    | Mr.Thoedtham Biarabicharana<br>377/49 Sathupradit Rd., Chongnoonsee, Yannawa , Bangkok 10120<br>Tel : 0-81668-6281   |
| BANKER                   | Bangkok Bank Public Company Limited Bangkapi Branch<br>Bangkok Bank Public Company Limited Bangna Branch<br>The International Commercial Bank of China Head Office<br>The International Commercial Bank of China Bangna Branch<br>Krunghthai Bang Public Company Limited Sanpavuth Branch<br>Industrial and Commercial Bank of China (Thai) Public Company Limited.<br>Sri nakharin Branch |



## NATURE OF THE BUSINESS

Compass East Industry (Thailand) PLC, (CEI), in the past produced the domestic ceiling lamp fan. Currently, the company imports parts of fan for assembly and distribute in Thailand. The fans of the company are emphasized to loveliness with capability of accessory and for decoration to the houses as well as office building. The large market is USA with total sales growing continuously all the time.

Production of the company divided into 2 types in order to support the customers' needs:

- OEM (Original Equipment Manufacture), the company shall produce products as per style and requirements of customers under the customers' brand names.
- ODM (Original Design Manufacture), the company shall be a designer and product to customers. The product development department of the company shall design and develop the products all the time in order for modernity with the time changing under the trademark of the company such as Sunlight, Airy Royale and currently the company has launched the products of the company to the markets under the new brand name of "Compass East" in order to be known by those general customers.

From last year, the company had changed strategies as the followings.

- Production, the company has cancelled production line of the company by emphasized to design and control to the quality of the products ordered from both domestic and overseas by importing parts to assemble in order to reduce cost, production to the small production-size. While Horizontal Plating Machines which are used to produce electronic circuit for general electrical appliance, any customers without the investment or expansion business, so the company needs to wait for the trend to look the condition and marketing when will be grow up
- Marketing, the company has appointed the sole distributor in Thailand; that is Culminate Airy Co., Ltd., since the company is expert on the sample of products very well with large amount of marketing channels and more customers in hand, so the Culminate Airy Co., Ltd. has maximum market shares in this product. While the company has assisted to the representative with capability to develop markets and expand customer base to increase more.

Subsidiary is operates business of Food culture and Lanna Performance Center "Khumkhantoke" in Chiang Mai Province which consist of.

1. Performance of Lanna culture and Khantoke Buffet Service.
2. Plubpla Thai food restaurant, day time is service buffet food, night time is service for Thai food restaurant.

Most of customer than 90% is foreigner company will operate business via tour company leading performance program of company entering into tourism schedule is propose to tourist.

## Changing in the past year

On 23 August 2002, the Tai family as the promoter of the company had bought the shares in Hunter CEI (Asia) Co., Ltd., while the directors appointed by Hunter Fan Co., Ltd., resigned from director position since 30 September 2002, therefore, the power of control of the Hunter Fan Co., Ltd., ended.

On October 2003, Air Royal Industry Co., Ltd., had dissolved its business and liquidated already. The company has expanded to Australia and in Europe by using the brand of Honey Well designed and marketed by the company.

On 13 January 2004, the company had entered to invest in Air Breeze Co., Ltd., located in People's Republic of China via Van Guard Corporation Co., Ltd., situated in Cayman Island with investment value of 3 million US Dollars. The investment is 100% of registered capital of both companies, which is equally to 3 million US Dollars.

On 4 January 2005, big customer had prosecuted for damages to the company with the accuse that the company did not follow the Purchasing Contract with calling for damages of 2.3 Million US Dollars, the results from negotiation were as follows:

- Purchasing Contract as of 31 March 2005, (The old contract due of 31 October 2005), caused the company lost this big customers.
- The company had to pay the fee, cost of prosecution as of 750,000 US\$ by subtracting from total debts unpaid by the big customer to the company.
- The company has to deliver mould and some equipment machinery, while the big customer paid at the price of 68,570 US\$.

In April 2007, the company had imported new machine to support new production line of the company, But now the company is still pending for decision as to whether to keep on running operations or cancel the project, because the economic conditions is at not suitable for any investment, so need to the time to wait for the chance.

In January 2009, the company decided to sell subsidiary in China, Cause of The subsidiary is short both of the liquidity and current capital, so the subsidiary need to layoff any employees and sale any assets for debt repayments. This situation is beyond company's control power, the executive resolved to sell the subsidiary for reduce the effects of damage in the future, and the executive believe in this way would solve CEI lose situation within short term and can to fast revive from the expansion in new business lines which can make better profits.

In May 2009, CEI imported floor tiles from China for domestic sale, for the purpose to make up the ceiling fan's volume sale which diminished by the economic crisis, for push up the product sale increase in the future.

On March 18, 2009, the CEI entered into a loan agreement with Tanyarungroengchai Rice Mill (Thailand) Co., Ltd. with loan-to-equity conversion option in the amount of Baht 70.00 million. The loan bears interest

In August 2009, CEI has invested in 450,000 ordinary shares of Siam Water Resource Co., Ltd. At Baht 100 per value, totaling Baht 49.95 million, representing 10% of registered share capital of that company. The company paid the ordinary shares Baht 33.75 million, indicate the remainder Baht 16.20 million payment within September 2009 and the share certificate had transfer to CEI on August 2009 already.

In April 2010, CEI returned the Horizontal Plating Machine in order to use in electronic circuit boards for general electrical, the all expenses of returned machine paid by supplier.

On November 4, 2010, the company has contracts to buy and sell land and factory building at 290 Moo 4, Sukhumvit Road, Tambol Praksa, Amphur Muang, Samutprakarn. The contracts was made with Murakami Ampass (Thailand) Co., Ltd. at price 144,000,000 baht. And transfer of ownership of property was made on December 22, 2010.

In January 2011, Siam Water Co., Ltd. has changed its name to Siam Water Resources Ltd. (PCL). On July 4, 2554 the Siam Water Resources Ltd. (PLC) has called an Extraordinary General Meeting of Shareholders at the 2 / 2554 for a resolution to increase share capital. By increasing of the registered capital of 450 million shares at par at 1 baht registered capital of 540 million shares at par one. But the Board of Director suggested that the recapitalization of the in during this period may not cause a positive effect. And then the recapitalization was not considered.

Board of Director held on August 13, 2013 to approved to incorporate a subsidiary, C.E.I. (Chiangmai) Co., Ltd. to invest in land and construction including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The Company will held 99.99% of its subsidiary authorized share capital of Baht 1 million to be the total investment of Baht 0.99 million. In addition, such the board of directors meeting approved to provide financial supporting to its subsidiary company in the amount of Baht 364 million to invest in the project. The Company has already registered its subsidiary with Ministry of Commerce on August 22, 2013.

In September 2013, the subsidiary invested in land and building including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The purchase price as per sale and purchase land and building agreement dated August 13, 2013 is totaling Baht 350 million (exclude tax and right transfer fee). The Company has requested Thai Property Appraisal Lynn Phillips Co., Ltd. as an independent appraisal appraise its above land and building. The appraisal value is Baht 400.79 million by Sales Comparison Approach for land, and Replacement Cost Approach for building and structure as per their appraisal report dated March 27, 2013.



# ***EXPLANATION AND ANALYSIS OF THE MANAGEMENT OPERATIONAL PERFORMANCE***

According to the company and subsidiaries submitted the balance sheet of its company and subsidiaries in Year 2014 ended July 31, 2014 found that the performance of company having the net profit of 8.45 million baht whilst in the same period of previous year net profit equals 48.14 million baht decreased 39.69 million baht or 82.44%. The company may because statement consists of:

1. Overall revenue of the company is in increased by 21.79 million baht or 18.08 % when comparing with the same period of year due to following causes;
  - 1.1) The net sale was decreased by 19.26 million baht or 42.75 %.
  - 1.2) The revenue rendering of service (subsidiaries) increased 66.49 million baht or 100% because subsidiaries have starting operation.
  - 1.3) The rental income is increased by 2.24 million baht or 10.98 %.
  - 1.4) The interest income is decreased by 13.03 million baht or 73.08 %.
  - 1.5) The Company has reversal of provision of GSP Tax privileges termination 12.26 million baht.
  - 1.6) The other incomes is increased by 5.90 million baht or 134.20 %
2. Cost of goods sold of the company decreased by 15.59 million baht or 39.96% due to the sales is decreased.
3. Cost of rendering of service (subsidiaries) increased by 47.67 million baht or 100% because subsidiaries have starting operation.
4. Cost of renting property of the company decreased by 0.51 million baht or 26.55% because depreciation decreased.
5. The company had sale and management expenses increased by 30.24 million baht or 114.15% due to following causes;
  - 5.1) Sale expenses have increased 3.98 million baht or 106.70%.
  - 5.2) Operating expenses have increased 26.26 million baht or 115.37% consists of.
    - The company has increased doubtful accounts 14.82 million baht.
    - The company and subsidiaries has increased employee benefit expense 6.78 million baht.

## **Financial Ratio**

Highlight of Financial Ratio Based on 2014 Statements:

## Trend in the future

From operate business of company has registered establishment C.E.I. (Chiang Mai) Co., Ltd. is operate business of Center of Food Culture and Lanna Performance (“Khum Khantoke”). This is business of distribution food and show Lanna culture. Next year, anticipate subsidiary will introduce business of MICE, policy of government was set strategies of Upper Northern region is business center (MICE). Such as seminar meeting, tourist for incentive travel, national convention and business of exhibition. Company is emphasized MICE is business of leading asset to further development.

Business of Ceiling fan has continues trend as growing of real estate and behavior of consumer is changing as age. Modern consumer is requires benefit fan more than general fan. Current lamp fan is changing format and more development. Company is believes business of lamp fan is continue development

## Industrial and Competition Situations

Last year, Ceiling fan industry competitor has more market. Currently, large Super Market has strategy of self-import product is best seller, provide similar packaging with product of company. Moreover, sale and misunderstanding to customer is product of company which is not service center of super market. In addition, parts are cheaper than product of company. Company is also turn to adjust new strategy and pay attention to electric appliance shop, lamp, decorative tools, construction material which distribution around nation. In the future will more sales to house project and large condominium. Company has budget to support sale promotion with fan distributor of company, setting promotion, display with distribution shop to company. Including exhibition for in Bangkok and provincial has motivated sales. Product was known and sustainable in quality of product, long-term guarantee than competitor, support parts. Company is design novelty product as well as reputation of company is leader of lamp fan. Company is confident we are maintains popular of consumer that product of company become superior than any competitor in market.

Business of Center of Food Culture and Lanna Performance “Khum Khantoke” is business of distribution food and performance Lanna culture in Chiang Mai Province. Most of customers are tourists and foreigner than 90%. Company has potential of competition than competitor due to quality of place, performance, food as well as people are touch odor of Lanna culture.



## RISK FACTORS

The Company is exposed to normal business risks from changes interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

The Company's financial assets comprise cash and cash equivalents, current investments, trade accounts receivable and inventories which are liquid and able to sell at close to this fair value.

### Interest rate risk

The interest rate risk is the risk that future movements in market interest rate will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits and bills of exchange with financial institutions. Since the majority of these financial assets are short term, the Company does not use derivative financial instruments to hedge such risk.

### Foreign currency risk

The Company has the foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies which have not made foreign currency exchange rate risk hedging.

As at July 31, 2014 and 2013, assets and liabilities denominated in foreign currencies which have not been hedged against foreign exchange rate risk, are summarized as follows:

|                      | 2014      |             | 2013      |             |
|----------------------|-----------|-------------|-----------|-------------|
|                      | Assets    | Liabilities | Assets    | Liabilities |
| United States Dollar | 5,516,146 | -           | 5,404,651 | 319,460     |
| Renminbi             | -         | -           | 15,035    | -           |

Unit : Baht

### Credit risk

The Company is exposed to credit risk primarily with respect to a few of trade accounts receivable. The management of the Company believes that the maximum exposure to credit risk is limited

### Power and Duties of the Board of Directors

1. To carry out its duties in accordance with the Company's laws, objectives and regulations, including resolutions of shareholders' meeting, in accordance with the law, with integrity, ethically, prudently and with due regard to the Company's best benefits.
2. To arrange for a shareholders' meeting to be held at least once a year, to report to shareholders on the Company's performance and to seek shareholders' approval for matters which exceed the authority or duties of the board of directors.
3. To hold a meeting of the Board of Directors at least once every three months.
4. To take all necessary steps to ensure that financial and other information provided to shareholders is at all times correct, complete and transparent.
5. To ensure that the Company has efficient internal control and audit systems in place.
6. To consider and make decisions on important matters such as policies, business plans, administrative powers, large investment projects, related party transactions, acquisitions or disposals of assets of the listed company as covered by the regulations of the Stock Exchange of Thailand, and any other matters stipulated by law.
7. To ensure that the Company's business dealings are carried out in an ethical manner.
8. The board of Directors may delegate its power and duties to one or more Directors or to other individual(s) as it sees fit, authorizing such persons to act on its behalf with whatever power and duties it may choose to assign.
9. The Board of Directors has the power to appoint and to change authorized signatories empowered legally to bind the Company on its behalf.

### Power and Duties of the Executive Board

1. The Executive Board is designated with the authority to operate in accordance with the Board of Directors' policies, which in turn defer to Laws, the conditions, rules and regulations of the Company, with the exception of issues which the Law specifies as requiring the authorization of Shareholders' Meetings.
2. The Executive Board has the right to formulate, propose and determine business directive policies and strategies to the Board of Directors.
3. The Board may prepare business plans; specify management powers; including annual expenditure budgets; and generally conduct activities in line with the business plans and strategies to complement the policies and directives presented to the Board of Directors.
4. Conduct business relating to the general management of the Company, with the exception of related transactions and the acquisition/divestiture of significant public listed company assets, which are to be conducted in accordance with the regulations of the Stock Exchange of Thailand.
5. The Board of Directors who has any related transaction may be in conflict of the Company or Subsidiary company's benefit or other, the Board of Directors who related in which issue, he or she will without the privilege to vote in the issue and also cannot vote in the issue too.

### Powers and Duties of the Audit Committee

1. The Audit Committee has the duty to review that the Company's financial reportage is accurate and discloses sufficient Information, by coordinating the viewpoints of the corporate auditors, the Board of Directors and the Internal Audit Office into a unified direction.

2. The selection and proposal of appointment of the Company's auditors, including the annual audit fees for authorization by the Shareholders Meeting.
3. Determine the level of significant risk and measures for reducing such risk, from management, the internal audit office and auditors.
4. Conduct a joint review in association with the auditors and Internal Audit Office as to the sufficiency of internal controls systems.
5. Oversee that the Company's operations comply with predetermined policies, or Laws relating to securities and the Stock Exchange, announcements of the Stock Exchange or regulations of other governing bodies.
6. Review the financial statements and notes to the financial statements together with the management team, the auditors and the Internal Audit Office prior to submission to the relevant governing body.
7. The Preparation of a report acknowledging the responsibility and operations of the Audit Committee presented to the Board of Directors and included in the Company's Annual Report.
8. Additional duties to those mentioned may be assigned in accordance with the corporate regulations, law, or instructions of the Board of Directors.

### Nomination of Directors and Executives

The nomination of candidates for the positions of Director in the Company is not processed by a Nomination Committee, since the Company has not yet established such a committee. Nonetheless, the Board of Directors selects candidates with the requisite qualifications, knowledge, skills and relevant experience for the benefit of the Company. The selection process takes into account the candidates' qualifications with respect to Measure 68 of the Public Companies Act to 1992 and announcements of the Securities Exchange of Thailand relating to the nomination of Company Directors.

The appointment of candidates is conducted at the shareholders' Meetings as follows.

- Each shareholder shall have one vote for one share.
- Each shareholder may exercise all the votes he or she elect one or several persons as director(s) but the shareholder may not Allot his or her vote to any director more or less than the others notwithstanding any other provisions under the Articles of Association which are contrary to these Articles. Any provisions under this Articles of Association shall not be construed as entitling the shareholders to elect the directors by cumulative voting.
- The persons who received highest votes in order appointed to be the directors are equivalent the number of elect director(s) at that time. In case of the persons who received inferior votes are equivalent and more than the number of elect directors, Assign the Chairmen should issue the decisive vote.

### Remuneration for the Executive

Directors have the privilege to receive the remuneration in type of reward, meeting allowance, pension, bonus or other benefits with the regulations of the company or resolution of shareholder's meeting. At all events the remuneration may be fixed amount or Indicate to the regulations for the consideration per time or along time until to have the transformation. Furthermore, the Executives have the privilege to get the regulations allowance and other welfare from the company.



# ***REPORT ON 15 PRINCIPLES OF GOOD CORPORATE GOVERNANCE***

## **1. Policy on Corporate Governance**

The board of directors recognizes the importance of good corporate governance. In order to increase clarity, ability of corporate competition, shareholders, investors and all parties' confidence, the company has established policies of corporate governance, which include main principles as follows.

- Rights and equitable treatments shareholders and various groups of stakeholders.
- The board of directors is determined to increase significant value-added to the company in long term. The board will manage the company with sufficient efficiency in order to increase maximum benefit to the shareholders. The board is responsible to prevent conflict of interest and take full responsibility in all actions and its decisions made.
- Manage the business with clarity and is always ready to go through audit check. The board of directors must have information disclosure and transparency.
- Manage the business with risk management in mind as well as controlling system.
- The company maintains business ethics for the board of directors and staffs to follow

## **2. Shareholders : Rights and Equitable Treatment**

In 2013, the company held a shareholders meeting on November 22, 2013 on the company's premises. The company sent out a meeting notice as well as the agenda attached for the meeting. For each meeting, the shareholders must acknowledge the meeting 7 working days prior to each meeting there is an attachment of the board of director's feedback as well as the meeting minutes. The company has prepared a power of attorney letter as per the Department of Business Development and the Ministry of Commerce for the shareholders who would like to assign replacements to attend the meeting in their regards in case the shareholders are unable to attend the meeting.

## **3. Various Groups of Stakeholders**

In its pursuit for sustainable growth and financial returns for its shareholders, the company strives to become a role model corporate citizen. It respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

## **4. Shareholders' Meetings**

In 2013 the Company held one Shareholders' Meeting which is the Annual General Meeting. In the conduct of the meeting the Chairman encouraged shareholders to express their opinions or raise questions

## 5. Leadership and Vision

The Board of Directors oversees the business affairs of the Company by reviewing and approving the Company's strategic plans, key operation initiatives, major investments, funding decisions and financial performance. These functions are carried through various executive and board committees as well as by means of a system of delegation of authority to senior management.

The Board of Directors has put in place internal control policies in which financial, operations, compliance controls and risk management are effectively and effectively incorporated in the Company's operations. The Internal Audit Department monitors reviews and checks that such policies are adhered to and reports its findings and recommendations directly to the Audit committee who in turn discusses such matters at Board meetings.

## 6. Conflict of Interests

The boards of directors prevents conflict of interests by establishing policies that object the management and people concerned to take the company's information to be used for their personal interests as follows.

- List of possible conflict of interests - the board acknowledges the possible conflict of interests and all related possibilities and has considered appropriate way to prevent it by following the rules and regulations of the Securities and Exchange Commission, with conditions and prices similar to outsiders transactions and has exhibited the information and the value of the contract in the annual report and the form 56-1
- Supervision of the use of internal information
  - The management has to report any change of stock ownership to the Office of the Securities and Exchange Commission as per to clause 59 of SEC act 1992.
  - The management and people concerned who receive insider information are forbidden to expose information to outsiders prior to the public release of the financial statement

## 7. Business Ethics

The company maintains the company's rules according the management and employee's corporate code of conduct so that all people involved maintain this code as direction in performing their duties with loyalty, honestly, fairness, to the company and to the stakeholders, community and the society. All people concerned acknowledge and agree to follow this code. The company keeps regularly communication with the employees and follows up there actions towards this direction, including establishing disciplinary actions.

## 8. Balance of Power for Non-Executive Directors

The Board of Director of the Company is made up of eight persons: three executive directors and three independent directors. The number of independent directors sitting in the board accounts for one-third of the board and thus strikes a fair balance in the board's composition. Names and number of directors empowered to sign on behalf of the Company are Miss Dai Wen Lee to signing together Miss Dai Juan Ming, Mr.Nuttawut Kirtchaiyakorn, Mr.Vijit Supinit two person singning with the Company's seal affixed. The Board of Directors Meeting No.

## 9. Aggregation or Segregation of Positions

Although the Company finds it appropriate for the Chief Executive Officer to also be appointed as Chairman of the Board, the Company is sensitive in giving excessive power and authority to a single individual and therefore requires all strategic decisions to approve by the Board of Directors.

## 10. Remuneration for Directors and the Management

The Company is careful in giving competitive, but not excessive, remuneration to its directors and management so as to attract and retain highly qualified personnel and has consistently used the industry practice as a guideline.

Remuneration for Directors is approved by shareholders at each annual general meeting. Independent directors/director who take on the additional responsibility of being a member of the Audit Committee and/or Remuneration Committee are each paid an additional fee.

Annual review of management remuneration is based on the performance of the Company and performance of the individual employee.

Remuneration paid to individual directors of the Board and management is disclosed in this 2014 annual report under the topic "Remuneration & Other Benefits of the Directors and Shareholdings of Directors and Executives" and "Management Remuneration"

## 11. Board of Directors' Meeting

The Board of Directors' meet at least 4 times annually and additional meetings are called as and when necessary. Notices for meetings are sent well in advance along with the agenda and necessary information to give directors ample time to prepare themselves for productive discussions. A typical meeting lasts one to two hours. Minutes of all meetings are meticulously documented and are given to all directors for their approval. All minutes are systematically filed by the company secretary and can be easily retrieved whenever required.

## 12. Subcommittees

The Board of Directors sets top priority to good governance to meet the international standard and compliance with the policy of the Stock Exchange of Thailand by establishing Audit Committee, Remuneration Committee and Nomination Committee to oversee the management of the company. The Audit Committee is an important component of good governance policy comprising of 3 independent directors who meet the qualifications of the Stock Exchange of Thailand. The duty of the Audit Committees to perform according to the Audit Committee regulations and to the direction of the Board of Directors, including auditing financial statement for their accuracy and transparency.

## 13. Control and Internal Audit

- Both Internal Audit and Legal Affairs Department are assigned the responsibility of monitoring the Company's operations whether it is in compliance with the laws and other requirement including the objectives of the Company.
- The Management holds regular and frequent meetings to review the Company's business performance and other problems, which arise and need corrective action.

#### 14. Report by The Board of Directors


The Board of Directors is responsible for the Company's financial statements and other information as shown in the annual report. Such financial statements are prepared in accordance with generally - accepted accounting standards and other reporting requirements, and also significant Information to support the financial statements which are adequately provided.

The Audit Committee has been assigned to comment on the quality of financial reports and effectiveness of the control system in the Audit committee's reports which also goes into the Company's annual report.

The Board of Director thought that control and internal audit systems of the Company has proven satisfactory and hence Company Financial Statement as at July 31, 2014 presented accurate and reliable information.

#### 15. Relations With Investors

The board of directors recognizes that the company's information, financial or non-financial, both have effect to the company's investors and stakeholders' decision-making. The board of directors should ensure that the company discloses important information correctly, timely and transparently, which the management has always considered important, On the subject of relations with the investors, the company has not yet provided a special investor relations unit, as the activities in this department are still not sufficient to create a new division. However, the company has appointed the financial controller to act as the coordinator in communicating relevant information to individual investor, shareholders, stock analysts and state agencies. For more information click [www.ceifan.com](http://www.ceifan.com)





# AUDITOR'S REPORT

## To the Board of Directors and Shareholders of Compass East Industry (Thailand) Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Compass East Industry (Thailand) Public Company Limited and its subsidiaries, and of Compass East Industry (Thailand) Public Company Limited, respectively, which comprise the consolidated and separate statement of financial position as at July 31, 2014, and the consolidated and separate statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements base on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing on the effectiveness of the entity's internal control. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

**Basis for Qualified Opinion**


- (1) I did not obtain the sufficient information related to the latest financial position of the investee company to consider realizable value of other long-term investment which presented in the consolidated and separate statement of financial position as at July 31, 2014 in the amount of Baht 49.95 million as mentioned in Note 10 to the financial statements.
- (2) I did not obtain the sufficient information related to repayment ability of receivable for long-term loan to other party - net which presented in the consolidated and separate statement of financial position as at July 31, 2014 in the amount of Baht 52.70 million as mentioned in Note 11 to financial statements to consider recoverable value of such loan.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter to the consolidated and separate financial statements described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Compass East Industry (Thailand) Public Company Limited and its subsidiaries, and of Compass East Industry (Thailand) Public Company Limited, respectively as at July 31, 2014, and consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Emphasis of Matter**

As explained in the Note 2 to the financial statements, during the years ended July 31, 2014, the Company has changed the accounting policy of land which was originally stated at their revalued amounts to state at cost. In addition, the Company has adopted new and revised Thai Financial Reporting Standards, which are issued by the Federation of Accounting Professions and effective for the financial statements for the period beginning on or after January 1, 2013, for the preparation and presentation of these financial statements. The separate financial statements for the year ended July 31, 2013 and the separate statement of financial position as at August 1, 2012 which have been presented herewith for comparative purposes have been restated for the effects of the changes in accounting policy and adoption of new and revised Thai Financial Reporting Standards.



Sathien Vongsnan  
Certified Public Accountant  
Registration No. 3495

ANS Audit Co., Ltd.  
Bangkok, September 29, 2014



# STATEMENTS OF FINANCIAL POSITION

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
AS AT JULY 31, 2014 AND 2013

Unit: Baht

|                                   | Note | Consolidated         | Separate financial statements |                |                |
|-----------------------------------|------|----------------------|-------------------------------|----------------|----------------|
|                                   |      | financial statements |                               |                |                |
|                                   |      | July 31, 2014        | July 31, 2014                 | July 31, 2013  | August 1, 2012 |
|                                   |      |                      |                               | (Restated)     | (Restated)     |
| <b>Assets</b>                     |      |                      |                               |                |                |
| <b>Current assets</b>             |      |                      |                               |                |                |
| Cash and cash equivalents         | 5    | 47,274,019.14        | 45,638,346.60                 | 520,172,442.97 | 157,831,428.47 |
| Temporary investments             | 6    | -                    | -                             | 8,069,960.00   | 315,831,000.00 |
| Trade and other receivables - net | 4, 7 | 21,204,842.21        | 26,014,081.71                 | 31,786,505.72  | 47,476,947.06  |
| Loan to related party             | 4    | -                    | 503,625,830.96                | -              | -              |
| Short-term loan to other company  |      | -                    | -                             | -              | 300,000.00     |
|                                   |      |                      |                               |                |                |



# STATEMENTS OF FINANCIAL POSITION

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
AS AT JULY 31, 2014 AND 2013

| Unit: Baht                                  |                      |                               |                             |                              |
|---|----------------------|-------------------------------|-----------------------------|------------------------------|
| Note  | Consolidated         | Separate financial statements |                             |                              |
|   | financial statements |                               |                             |                              |
|   | July 31, 2014        | July 31, 2014                 | July 31, 2013<br>(Restated) | August 1, 2012<br>(Restated) |
| <b>Liabilities and shareholders' equity</b> |                      |                               |                             |                              |
| <b>Current liabilities</b>                  |                      |                               |                             |                              |
| Trade and other payables                    | 4, 14                | 24,219,332.08                 | 7,198,726.23                | 20,526,789.99                |
| Current income tax payable                  |                      | 2,189,518.50                  | 2,189,518.50                | 1,838,990.16                 |
| Provision for tax assessment                | 15                   | -                             | -                           | 21,286,994.22                |
| <b>Total current liabilities</b>            |                      | <b>26,408,850.58</b>          | <b>9,388,244.73</b>         | <b>22,365,780.15</b>         |
| <b>Non-current liabilities</b>              |                      |                               |                             |                              |

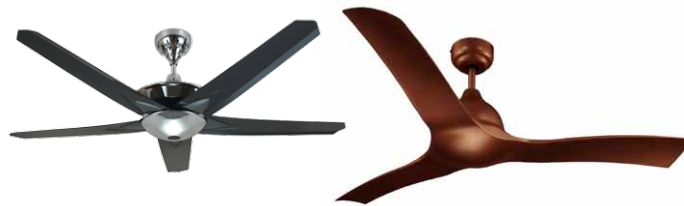


# STATEMENTS OF FINANCIAL POSITION

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
AS AT JULY 31, 2014 AND 2013

Unit: Baht

|                                    | Note | Consolidated          |                               |                      |
|------------------------------------|------|-----------------------|-------------------------------|----------------------|
|                                    |      | financial statements  | Separate financial statements |                      |
|                                    |      | 2014                  | 2014                          | 2013                 |
|                                    |      |                       |                               | (Restated)           |
| <b>Revenues</b>                    |      |                       |                               |                      |
| Revenue from sales                 | 4    | 25,781,807.27         | 25,781,807.27                 | 45,037,533.43        |
| Revenue from rendering of services |      | 66,487,864.35         | -                             | -                    |
| Revenue from renting property      | 4    | 22,691,794.00         | 22,691,794.00                 | 20,447,398.00        |
| <b>Total revenues</b>              |      | <b>114,961,465.62</b> | <b>48,473,601.27</b>          | <b>65,484,931.43</b> |
| <b>Costs</b>                       |      |                       |                               |                      |
| Cost of sales                      |      | (23,418,373.86)       | (23,418,373.86)               | (39,007,713.41)      |
| Cost of rendering of services      |      | (47,666,695.73)       | -                             | -                    |
|                                    |      |                       |                               |                      |



# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED JULY 31, 2014

Unit: Baht

## Consolidated financial statements

## Equity attributable to shareholders' equity of the Company

| Note  | Equity attributable to shareholders' equity of the Company |                           |                              |                | Other components of shareholders' equity |  | Total | Non-controlling interests | Total shareholders' equity |  |  |  |
|---|--|---------------------------|------------------------------|----------------|--|--|-------|---------------------------|----------------------------|--|--|--|
|   | Issued and paid-up   | Premiums on share capital | Retained earnings            |                | Other comprehensive income (loss)        | Total other components of shareholders' equity |       |                           |                            |  |  |  |
|   |  |                           | Appropriated - legal reserve | Unappropriated |  |  |       |                           |                            |  |  |  |
|   |  |                           |                              |                | Revaluation surplus                      |  |       |                           |                            |  |  |  |
| <b>Balance as at August 1, 2013 before restated</b> | <b>188,300,000.00</b>                                      | <b>410,350,000.00</b>     | <b>2</b>                     |                |  |  |       |                           |                            |  |  |  |



# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED JULY 31, 2014

Unit: Baht

Separate financial statements (Restated)

| Note  | Issued and paid-up    | Premiums on<br>share capital | Retained earnings               |                      | Other components of shareholders' equity |  | Total<br>shareholders'<br>equity |  |
|---|-----------------------|------------------------------|---------------------------------|----------------------|--|--|----------------------------------|--|
|   |                       |                              | Appropriated -<br>legal reserve | Unappropriated       | Other<br>comprehensive<br>income (loss)  | Total<br>other components<br>of shareholders' equity |                                  |  |
|   |                       |                              |                                 |                      | Revaluation<br>surplus                   |  |                                  |  |
| <b>Balance as at August 1, 2013 before restated</b> | <b>188,300,000.00</b> | <b>410,350,000.00</b>        | <b>24,000,000.00</b>            | <b>69,823,181.23</b> | <b>36,762,275.59</b>                     | <b>36,762,275.59</b>                                 | <b>729,235,456.82</b>            |  |
| Effects of changes in accounting policies           | -                     | -                            | -                               | 7,796,564.96</       |  |  |                                  |  |



# STATEMENT OF CASH FLOWS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED JULY 31, 2014

|  | Unit: Baht                |                               |               |
|--|---------------------------|-------------------------------|---------------|
|  | Consolidated<br>financial | Separate financial statements |               |
|  |                           | 2014                          | 2013          |
|  | 2014                      |                               | (Restated)    |
| <b>Cash flows from operating activities:</b>   |                           |                               |               |
| Profit before income tax   | 13,110,640.20             | 21,913,535.78                 | 53,136,367.84 |
| Adjustments to reconcile profit before income tax<br>to net cash provided by (used in) operating activities: |                           |                               |               |
| Depreciation   | 5,139,556.60              | 1,702,696.21                  | 2,802,503.86  |
| Doubtful accounts  | 14,825,000.01             | 14,825,000.01                 | 2,491,232.88  |
| Write-off withholding tax  | -                         | -                             | 67,483.92     |
| (Gain) loss on revaluation of securities for trading   | 13,960.00                 | 13,960.00                     | (137,427.26)  |
| Gain on disposal of securities for trading   | (40,931.88)               | (40,931.88)                   | (402,260.20)  |

# STATEMENT OF CASH FLOWS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED JULY 31, 2014

Unit: Baht

|   | Unit: Baht       |                               |                |
|---|------------------|-------------------------------|----------------|
|   | Consolidated     | Separate financial statements |                |
|   | financial        | 2014                          | 2013           |
|   | 2014             |                               | (Restated)     |
| <b>Cash flows from investing activities:</b>                  |                  |                               |                |
| Interest received   | 3,415,727.47     | 3,415,727.47                  | 16,025,697.32  |
| Decrease in investment in fixed deposit                       | 8,000,000.00     | 8,000,000.00                  | 306,000,000.00 |
| Cash received from short-term loan to other company           | -                | -                             | 300,000.00     |
| Cash received from Temporary investment in trading securities | 96,931.88        | 96,931.88                     | -              |
| Purchase of fixed assets                                      | (514,750,608.86) | (10,738.31)                   | (114,346.73)   |
| Cash received from sale of fixed asset                        | 849,467.29       | 849,467.29                    | 164,656.64     |
| Loan to subsidiary  | -                | (503,625,830.96)              | -              |
| Payments for investment in subsidiary                         | -                | (999,970.00)                  | -              |
| <b>Net cash provide by (used in) investing activities</b>     | <b>(502,3</b>    |                               |                |

# NOTES TO FINANCIAL STATEMENTS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FOR THE YEAR ENDED JULY 31, 2014

## 1. GENERAL INFORMATION

Compass East Industry (Thailand) Public Company Limited “the Company” is incorporated and domiciled in Thailand on August 17, 1987. The Company’s registered office are as follows:

(1) Head offices was located at 225/324 Country Complex, B Building, 16<sup>th</sup> Floor, Sanpawuth, Bangna, Bangkok.

(2) Plant was located at 291 Moo 4, Bangpoo Industrial Estate Soi 5, Sukhumvit Road, Prakkasa, Muang, Samutprakarn.

The Company was listed on the Stock Exchange of Thailand on May 31, 1994.

The principal activities of the Company involve the manufacture and distribution of ceiling fan.

Summax Investment Limited is a major shareholder which is incorporated in Cayman island, holding 27% of the share capital of the Company. The ultimate shareholder of the Company is the Tai family.

The Company has a subsidiary company, C.E.I. (Chiangmai) Co., Ltd. which engages in restaurant and cultural center business. During the first quarter ended October 31, 2013, the Company held 99.99% of its share capital.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) in conformity with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

#### Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements consisted of the financial statements of Compass East Industry (Thailand) Public Company Limited, and subsidiary (together referred to as “the Group”) as follow:

| Subsidiary                   | Business Type                                      | Percentage of holding (%) |               |
|------------------------------|--|---------------------------|---------------|
|                              |  | July 31, 2014             | July 31, 2013 |
| C.E.I. (Chiangmai) Co., Ltd. | Engages in restaurant and cultural center business | 99.99                     | -             |

All significant intercompany transactions and accounts were eliminated in preparing the consolidated financial statements. Subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly through other subsidiaries, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Company derecognized the assets and liabilities of the subsidiary, the carrying amount of non-controlling interests and any components of other comprehensive income attributable to that subsidiary. The Company recognized profit or loss arising on the loss of control in income statement.

Any investment retained in the former subsidiary shall be accounted for fair value from the date when control is lost.

#### Changes in the

**Transition to new and revised TFRS**

During the year end July 31, 2014, the Company has adopted new and revised TFRS which are effective for the financial statements for the period beginning on or after January 1, 2013. Such transition affected the Group's overall financial position and financial performance as follows:

***Thai Accounting Standard (TAS) No. 12 - Income taxes***

The main change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the Company's financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets or liabilities in the statement of financial position and the amount attributed to that assets or liabilities for tax purposes; and the carry forward of unused tax losses.

The Company adopted TAS 12 with effective from August 1, 2013. The effects of the change were recognized retrospectively in the financial statements and the statement of financial position as at July 31, 2013 and August 1, 2012 and the statement of comprehensive income for the years ended July 31, 2013 were adjusted accordingly. The management estimates that the impact on the financial statements as follows:

|   | Unit: Baht                    |               |                 |
|---|-------------------------------|---------------|-----------------|
|   | Separate financial statements |               |                 |
|   | July 31, 2014                 | July 31, 2013 | August 31, 2012 |
| <b>The statements of financial position</b> |                               |               |                 |
| Increase in deferred tax assets             | 9,279,857.03                  | 8,481,844.68  | 7,667,428.24    |
| Increase in deferred tax liabilities        | 920,112.71                    | 685,279.72    | -               |

### New and revised Thai Financial Reporting Standards not yet effective

The Group has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS), Thai Interpretations (TI) and Thai Financial Reporting Interpretations (TFRI) which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

| TAS/TFRS/TFRI/TI      | Topic  |
|-----------------------|--|
| TAS 1 (revised 2012)  | Presentation of Financial Statements                                     |
| TAS 7 (revised 2012)  | Statement of Cash Flows  |
| TAS 12 (revised 2012) | Income Taxes   |
| TAS 17 (revised 2012) | Leases   |
| TAS 18 (revised 2012) | Revenue  |
| TAS 19 (revised 2012) | Employee Benefits  |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rate                          |
| TAS 24 (revised 2012) | Related Party Disclosures  |
| TAS 28 (revised 2012) | Investments in Associates  |
| TAS 31 (revised 2012) | Interests in Joint Venture   |
| TAS 34 (revised 2012) | Interim Financial Reporting  |
| TAS 36 (revised 2012) | Impairment of Assets   |
| TAS 38 (revised 2012) | Intangible assets  |
| TFRS 2 (revised 2012) | Share-based Payment  |
| TFRS 3 (revised 2012) | Business Combinations  |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations             |
| TFRS 8 (revised 2012) | Operating Segments   |
| TFRI 1                | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRI 4                | Determin   |

| TAS/TFRS/TFRI/TI | Topic  |
|------------------|--|
| TI 15            | Operating Leases-Incentives  |
| TI 27            | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TI 29            | Disclosure-Service Concession Arrangements                                   |
| TI 32            | Intangible Assets-Web Site Costs   |

The management of the Group is assessing the impacts of these standard, interpretations on the financial statements for the period in which they are initially applied.

- b) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

| TFRS       | Topic               |
|------------|---------------------|
| TFRS No. 4 | Insurance Contracts |

The management of the Group is assessing the impacts of this standard on the financial statements for the period in which they are initially applied.

### 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

#### Revenue and expenses recognition

##### *Sales of goods*

Sales of goods and cost of sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

##### *Services revenue and cost of services*

Service revenue and cost of service from food and beverage and cultural center business are recognized when the food and

*Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

*Trade receivables, other receivables and allowance for doubtful accounts*

Trade and other receivables are stated at the net realizable value. The Company has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

*Investments*

Investments in trading securities are determined at fair value at the close of business on the date of statements of financial position by reference to the Stock Exchange of Thailand quote bid price. The Company recognizes the change of value is gains or losses in the statements of comprehensive income.

On disposal of an investment in trading securities, the difference between the net disposal proceeds and the carrying amount is charged or credited to statements of comprehensive income. The weighted average method is used for computation of the cost of investments in trading securities.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

*Inventories and allowance for diminution in value**Restaurant and cultural center*

Food and beverage, and supplies are valued at the lower of cost calculated by first-in, first-out and net realizable value.

*Manufacture and distribution of ceiling fan*

Finished goods and work in process are valued at the lower of cost calculated by moving average and net realizable value. The costs of purchased inventories comprise of the raw materials, direct labor, other direct costs and related production overheads,

Investment properties are stated at cost less accumulated depreciation and less accumulated impairment loss (if any).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life as follows:

|                                      | <u>Use full life (Years)</u> |
|--------------------------------------|------------------------------|
| Building and building improvements   | 37 - 40                      |
| <u>Property, plant and equipment</u> |                              |

Land is stated at cost less accumulated impairment loss (if any).

Buildings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property,

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|                         | <b>Use full life (Years)</b> |
|-------------------------|------------------------------|
| Buildings - condominium | 20                           |
| Buildings - factory     | 37 - 40                      |
| Buildings improvements  | 5                            |
| Machinery and equipment | 5 and 10                     |
| Furniture               | 5                            |
| Computer                | 3                            |
| Vehicles                | 5                            |

No depreciation is provided on freehold land, assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Repairs and maintenance are charged to the statement of income during the financial years in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

*Reclassification to property, plant and equipment*

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

## Employee benefits

### *Short-term benefits*

The Company recognises salaries, wages, bonus and social security contribution as expenses on an accrual basis.

### *Post-employment benefits – defined benefit plan*

The employee benefits liabilities in relation to the severance payment under the labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Company through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in the statement of income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes actuarial gains or losses in the profit or loss in the period in which they arise.

## Foreign currencies

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change their judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

*Allowance for doubtful accounts*

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, current financial status of the debts, aging profile of outstanding debts and the prevailing economic condition.

*Allowance for diminution in value of inventory*

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

*Investment property, Property plant and equipment/Depreciation*

In determining depreciation of investment property, plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's investment property, plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment property, property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### 4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties linked to the Group as shareholders or by common shareholders or

4.2 The balances of the accounts between the Company and the related parties as at July 31, 2014 and 2013, are as follows:

|   | Unit: Baht           |                               |                      |
|---|----------------------|-------------------------------|----------------------|
|   | Consolidated         | Separate financial statements |                      |
|   | financial statements | 2014                          | 2013                 |
| <b>Trade receivable related party – net</b>       |                      |                               |                      |
| <u>Related company</u>                            |                      |                               |                      |
| Culminate Airy Co., Ltd.                          | 34,797,164.40        | 34,797,164.40                 | 42,787,601.11        |
| <u>Less allowance for doubtful accounts</u>       | (27,018,500.00)      | (27,018,500.00)               | (15,618,500.00)      |
| <b>Total trade receivable related party - net</b> | <b>7,778,664.40</b>  | <b>7,778,664.40</b>           | <b>27,169,101.11</b> |
| <b>Other receivable related party</b>             |                      |                               |                      |
| <u>Subsidiary company</u>                         |                      |                               |                      |
|   |                      |                               |                      |

Short-term loan to related party was short-term loan to C.E.I. (Chiangmai) Co., Ltd. by issuing promissory note, which repay at call, the interest is 3.5% per annum. The purpose of this loan is for C.E.I. (Chiangmai) Co., Ltd. to acquire assets of project Khum Khantoke and to pay additional construction costs to complete building in progress which is a part of such assets.

4.4 The transactions with related parties for the years ended July 31, 2014 and 2013, are as follows:

|                                     | Unit: Baht           |                               |      |                         |
|-------------------------------------|----------------------|-------------------------------|------|-------------------------|
|                                     | Consolidated         | Separate financial statements |      | Transfer pricing policy |
|                                     | financial statements | 2014                          | 2013 |                         |
| <b><u>Subsidiary company</u></b>    |                      |                               |      |                         |
| <b>C.E.I. (Chiangmai) Co., Ltd.</b> |                      |                               |      |                         |
| Interest income                     | -                    | 15,272,095.08                 | -    | 3.5% per annum          |
| <b><u>Related companies</u></b>     |                      |                               |      |                         |

- 4.6 On July 25, 2008, the Company entered into a building lease agreement with Culminate Airy Co., Ltd. The leased areas are used for their office and store, for the period from May 1, 2009 to April 30, 2010, with the rental fee of Baht 300,000 per month. On April 1, 2010, the Company entered into a renew building lease agreement with the counter party. The leased areas are used for their office and store, for the period from May 1, 2010 to April 30, 2015, with the rental fee of Baht 150,000 per month.
- 4.7 The Company has entered into the Assignment Agreement with management on December 30, 1997, which enables the rights to the use of intellectual personal property, trademarks and licenses held by the management to be used by the Company for its business, without compensation.
- 4.8 On July 11, 2013, the Company entered into a renew building lease agreement with Compass East Land & Development Co., Ltd, for the period from August 1, 2013 to July 31, 2014, with the rental fee of Baht 30,000 per month. On April 1, 2014, the Company entered into a renew building lease agreement with the counter party, for the period from April 1, 2014 to March 30, 2015, with the rental fee of Baht 60,000 per month.
- 4.9 The company entered into 3 condominium lease agreements with Compass East Land & Development Co., Ltd. for its employee accommodation. Two agreements dated December 19, 2013, have the period from January 1, 2014 to December 31, 2014, with the rental fee of Baht 18,000 per month and Baht 14,000 per month. The third agreement dated March 1, 2014, has the period from March 1, 2014 to December 31, 2014, with the rental fee of Baht 5,000 per month.

## 5

## 6. TEMPORARY INVESTMENTS

As of July 31, 2014 and 2013, this account consisted of:

|  | Unit: Baht           |                               |                     |
|--|----------------------|-------------------------------|---------------------|
|  | Consolidated         | Separate financial statements |                     |
|  | financial statements | 2014                          | 2013                |
|  | 2014                 |                               |                     |
| Fixed deposits                                       | -                    | -                             | 8,000,000.00        |
| Securities for trading                               | -                    | -                             | 69,960.00           |
| <b>Total temporary investments</b>                   | <b>-</b>             | <b>-</b>                      | <b>8,069,960.00</b> |
| Investments in securities for trading consisted of : |                      |                               |                     |
| <b>Net carrying value at the beginning of period</b> | <b>69,960.00</b>     | <b>69,960.00</b>              | <b>1,831,000.00</b> |
| P  |                      |                               |                     |

| Unit: Baht                    |                      |                               |            |
|-------------------------------|----------------------|-------------------------------|------------|
|                               | Consolidated         | Separate financial statements |            |
|                               | financial statements | 2014                          | 2013       |
|                               | 2014                 |                               |            |
| - Loan to related party       | -                    | 15,272,095.08                 | -          |
| Undue input VAT               | 1,951,202.78         | 77,942.38                     | -          |
| Revenue Department receivable | 6,732,413.34         | -                             | -          |
| Rental and utility receivable | 1,970,633.23         | 1,970,633.23                  | 924,356.71 |
| Insurance claim receivable    | 500,000.00           | 500,000.00                    | -          |
| Others                        | 439,888.15           | 346,035.31                    | 274,636.25 |
| <b>Total</b>                  | <b>20,979,681.59</b> | <b>27,428,101.09</b>          | <b>11,</b> |

|   | Unit: Baht           |                               |               |
|---|----------------------|-------------------------------|---------------|
|   | Consolidated         | Separate financial statements |               |
|   | financial statements | 2014                          | 2013          |
|   | 2014                 |                               |               |
| <b>Trade account receivable-related party</b> |                      |                               |               |
| Within credit term                            | 12,884,444.80        | 12,884,444.80                 | 22,945,777.60 |
| Overdue 1 - 90 Days                           | 5,884,355.60         | 5,884,355.60                  | 12,800,952.00 |
| Overdue 91- 180 Days                          | 8,553,152.40         | 8,553,152.40                  | 7,040,871.51  |
| Overdue over 180 Days                         | 7,475,211.60         | 7,475,211.60                  | -             |
| <b>Total</b>                                  | <b>34,797,164.40</b> | <b>34,797,164.40</b>          | <b>42,78</b>  |

## 9. INVESTMENT IN SUBSIDIARY COMPANY

As of July 31, 2014 and 2013, this account consisted of:

|                              | Share Holding<br>% | Unit: Baht                    |      |
|------------------------------|--------------------|-------------------------------|------|
|                              |                    | Separate financial statements |      |
|                              |                    | 2014                          | 2013 |
| C.E.I. (Chiangmai) Co., Ltd. | 99.99              | 999,970.00                    | -    |

The board of directors meetings No. 4/2013 held on August 13, 2013, approved to incorporate a subsidiary, C.E.I. (Chiangmai) Co., Ltd. to invest in land and construction including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The Company will held 99.99% of its subsidiary authorized share capital of Baht 1 million to be the total investment of Baht 0.99 million. In addition, such board of directors meeting also approved to provide financial supporting to its subsidiary in the amount of Baht 364 million to invest in this project. The Company has already registered its subsidiary

In July 2010, the Company agreed to extend the repayment to December 2010 and transferred accrued interest amounted of Baht 6.68 million to be a part of principal. Subsequently, in December 2010, the borrower default to pay and asked to extend the repayment period of such principal and stop to bear interest for the accrued interest which is a part of principal in the amount of Baht 6.68 million. The Company provides allowance for doubtful debt for such accrued interest in full amount. However, the borrower made payment for interest only till July 2011.

During the years ended July 31, 2014, interest income which occurred in the amount Baht 2.62 million, the borrower partly paid such current interest income of Baht 0.20 million, result in the remaining interest income which was defaulted in the amount of Baht 2.42 million and accrued interest from last year in the amount of Baht 6.73 million, totaling of accrued interest is Baht 9.15 million. As at July 31, 2014, these amounts were presented as accrued interest in trade and other receivables - net (See Note no. 7). The Company provides allowance for doubtful debt for such accrued interest in full amount.

At present, the parties are still in the process of negotiation for preparing of the draft of loan restructuring. The Company has calculated book value of ordinary shares which is the security for this loan by based on the audited financial statements of the borrower as at December 31, 2011, which is totally Baht 52.70 million approximately, and provides allowance for doubtful debt for the difference between such book value and balance of such loan as at July 31, 2012, in the amount of Baht 17.30 million.

|   | Unit: Baht                                     |                          |               |
|---|--|--------------------------|---------------|
|   | Consolidated and Separate financial statements |                          |               |
|   | Land and improvement                           | Building and improvement | Total         |
| <b>Accumulated depreciation</b>   |  |                          |               |
| <b>As at August 1, 2013</b>   | -  | 87,970,112.58            | 87,970,112.58 |
| Depreciation for the year   | -  | 1,396,467.31             | 1,396,467.31  |
| Transfer - in additional lease portion from property, plant and equipment | -  | 10,421,876.28            | 10,421,876.28 |
| <b>As at July 31, 2014</b>  | -  | 99,788,456.17            | 99,788,456.17 |
| <b>Net book value</b>   |  |                          |               |
| <b>As at July 31, 2013</b>  | 17   |                          |               |

**13. PROPERTY PLANT AND EQUIPMENT - NET**

Movements of the property plant and equipment for the year ended July 31, 2014, are summarized below:

|  | Unit: Baht                        |                            |                         |           |                         |          |                          |       |
|--|-----------------------------------|----------------------------|-------------------------|-----------|-------------------------|----------|--------------------------|-------|
|  | Consolidated financial statements |                            |                         |           |                         |          |                          |       |
|  | Land and improvements             | Buildings and improvements | Machinery and equipment | Utilities | Furniture and equipment | Vehicles | Construction in progress | Total |

Unit: Baht

## Separate financial statements

|   | Land and<br>improvements | Buildings and<br>improvements | Machinery and<br>equipment | Utilities    | Furniture and<br>equipment | Vehicles     | Total         |
|---|--------------------------|-------------------------------|----------------------------|--------------|----------------------------|--------------|---------------|
| <b>Cost</b>   |                          |                               |                            |              |                            |              |               |
| As at August 1, 2013  | 8,062,425.79             | 41,751,985.51                 | 1,046,656.80               | 4,690,594.62 | 1,793,412.61               | 6,012,868.08 | 63,357,943.41 |
| Increasing  | -                        | -                             | -                          | -            | 10,738.32                  | -            | 10,738.32     |
| Transfer out additional lease<br>portion to investment properties | (3,364,383.10)           | (12,465,136.05)               | -                          | -            | -                          | -            | (15,829,      |

In September 2013, the subsidiary invested in land and building including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The purchase price as per sale and purchase land and building agreement dated August 13, 2013 is totaling Baht 350 million (exclude tax and right transfer fee).

The Company has requested Thai Property Appraisal Lynn Phillips Co., Ltd. as an independent appraisal appraise its above land and building. The appraisal value is Baht 400.79 million by Sales Comparison Approach for land, and Replacement Cost Approach for building and structure as per their appraisal report dated March 27, 2013.

Depreciation for the year ended July 31, 2014, have been charged to consolidated statement of comprehensive income amounted of Baht 3.74 million and depreciation for the years ended July 31, 2014 and 2013, have been charged to separate statement of comprehensive income amounted of Baht 0.31 million and Baht 0.90 million, respectively.

As at July 31, 2014, certain property plant and equipment have been fully depreciated but are still in use. The original costs of such assets in the consolidated financial

Unit: Baht

|                                       | Consolidated<br>financial statements | Separate financial statements |                      |
|---------------------------------------|--------------------------------------|-------------------------------|----------------------|
|                                       | 2014                                 | 2014                          | 2013                 |
| Undue output VAT                      | 1,563,604.72                         | 109,971.52                    | -                    |
| Other accrued expenses                | 3,401,520.68                         | 1,492,396.16                  | 1,242,688.64         |
| <b>Total other payables</b>           | <b>23,230,175.61</b>                 | <b>7,012,656.26</b>           | <b>19,609,071.88</b> |
| <b>Total trade and other payables</b> | <b>24,219,332.08</b>                 | <b>7,198,726.23</b>           | <b>20,526,789.99</b> |

The Company provided defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

Movement of the present value of employee benefits obligation for the years ended July 31, 2014 and 2013, as follows:

|  | Unit: Baht                           |                               |      |
|--|--------------------------------------|-------------------------------|------|
|  | Consolidated<br>financial statements | Separate financial statements |      |
|  | 2014                                 | 2014                          | 2013 |
| <u>Post-employment benefit plan</u>      |                                      |                               |      |
| Employee benefit obligation - beginning, | 2,470,448.00                         | 2,4                           |      |

Principal actuarial assumptions as at July 31, 2014 and 2013 (expressed as weighted averages) as follows:

|                           | Consolidated                     |       |                               |
|---------------------------|----------------------------------|-------|-------------------------------|
|                           | financial statements             |       | Separate financial statements |
|                           | 2014                             | 2014  | 2013                          |
| Discount rate at July 31, | 4.01% - 4.63%                    | 4.63% | 4.16%                         |
| Future salary increases   | 0.00% - 6.00%                    | 0.00% | 4.18%                         |
| Mortality rate            | Mortality table in the year 2008 |       |                               |

| Unit: Baht                                       |                                   |               |                  |                               |                                      |
|--|-----------------------------------|---------------|------------------|-------------------------------|--------------------------------------|
|  | Consolidated financial statements |               |                  | Separate financial statements |                                      |
|  | August 1,<br>2013                 | Profit (Loss) | July 31,<br>2014 | August 1,<br>2013             | Profit<br>(Loss)<br>July 31,<br>2014 |
| <b>Deferred tax liabilities</b>                  |                                   |               |                  |                               |                                      |
| Depreciation for useful life extension of assets | (685,279.72)                      | (234,832.99)  | (920,112.71)     |                               |                                      |

## 18. INCOME TAX

Income tax expense for the years ended July 31, 2014 and 2013 as follows:

|                             | Unit: Baht                        |                               |
|-----------------------------|-----------------------------------|-------------------------------|
|                             | Consolidated financial statements | Separate financial statements |
|                             | 2014                              | 2013                          |
| <b>Current tax expense</b>  |                                   |                               |
| Current period              | 6,177,973.82                      | 5,121,719.79                  |
| <b>Deferred tax expense</b> |                                   |                               |

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period 2012 beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

**19. COMMITMENTS AND CONTINGENT LIABILITIES**Commitments with financial institutions

**21. EXPENSES BY NATURE**

Significant expenses by nature for the years ended July 31, 2014 and 2013 were as follow:

|  | Unit: Baht           |                               |      |
|--|----------------------|-------------------------------|------|
|  | Consolidated         | Separate financial statements |      |
|  | financial statements | 2014                          | 2013 |
|  | 2014                 |                               |      |
| Changes in finished goods and work in progress | (7,353,9             |                               |      |

**22. PRESENTATION OF SEGMENT INFORMATION**

The Group's business operations involve three principal segments: (1) manufacture and distribution of ceiling fan (2) renting property and (3) restaurant and cultural center. These operations are mainly carried on in Thailand. Below is the financial information for the years ended July 31, 2014 and 2013 of the Group by segment.

Unit: Million Baht

|  | For the |
|--|---------|
|--|---------|

Unit: Million Baht

For the years ended July 31,

|  | Manufacture and<br>distribution of ceiling fan |  | Renting property |  | Restaurant and cultural<br>center |  | Total |  | Elimination of inter-<br>segment |  | Grand total |
|--|--|--|------------------|--|-----------------------------------|--|-------|--|----------------------------------|--|-------------|
|--|--|--|------------------|--|-----------------------------------|--|-------|--|----------------------------------|--|-------------|

**23. FINANCIAL INSTRUMENTS***Credit risk*

The Company has significant concentration credit risk result from the Company has few trade receivables. However, the Company's management consider that credit risk do not exceed the amount of its allowance for doubtful accounts.

**25. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at July 31, 2014, the Group's debt-to-equity ratio was 0.05:1 and the Company's was 0.02:1 (2013: 0.04:1).

**26. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by



**COMPASS EAST INDUSTR**